
Items of Interest Regarding Comptroller's Directive No. 2-05

If the information requested in the supplemental section is also provided on an attachment, contact the individuals listed in the Questions section of this Directive.

General

- Any questions related to the Directive should be addressed to Jamie Motley at 225-2646 or jamie.motley@doa.virginia.gov.
- Training will be provided for this Directive at no charge to the agencies. **It is mandatory** that state agencies who must complete information contained in this Directive attend the training. There are two classes the agency may need to attend. One for proprietary fund agencies and one for government fund agencies. If the agency has both proprietary and governmental funds however, both classes must be attended. For the agency's convenience, DOA is offering two dates for each class. To register for these classes, go to www.doa.virginia.gov and click on the "Training" link.
 - **For Proprietary Fund Agencies-Directive 2-05, Financial Statement Preparation for State Agencies:**
 - May 17, 2005 at the James Monroe Building, First Floor, Conference Rooms D&E
 - May 31, 2005 at the James Monroe Building, First Floor, Conference Rooms D&E
 - **For Governmental Fund Agencies, Directive 2-05, Financial Statement Preparation for State Agencies:**
 - June 1, 2005 at the James Monroe Building, First Floor, Conference Rooms D&E
 - June 7, 2005 at the James Monroe Building, First Floor, Conference Rooms D&E
- Agencies will be notified within a few days of submission due dates if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised date will be provided. Failure to provide corrected information within the specified timeframe will result in citation in the Comptroller's *Quarterly Report on Compliance*.
- E-mail submissions are required for all submissions unless an individual submission indicates otherwise. Agencies should only provide **one** copy of each submission to DOA.
- The subject line of the E-mail should include the agency number and due date of the submission. For example, if the Department of Treasury is submitting items due on July 21, then the subject line would read "[Agy 152, Due Date July 21, 2005 Submissions](#)." **DO NOT include different due date submissions within the same E-mail.**

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General, continued

- Agencies should remember to copy the Auditor of Public Accounts (APA) on all E-mail submissions. The APA's address has changed. It is now APAFinRept@apa.virginia.gov.
- Only cells highlighted in yellow allow for data entry. Messages have been added that provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.**
- In addition, several attachments have cells highlighted in light blue. As the agency completes the required information, messages will display in these boxes to assist the agency in completing the attachment.
- Revision control logs are included in the majority of the attachment workbooks. These logs require the agency to identify the specific worksheets and tabs that have been modified **after** DOA's original acceptance. These logs should also provide a cumulative listing of changes to each attachment. The individual attachment instructions indicate whether the revision control log is applicable. **Failure to adhere to the revision instructions specified for each attachment will prohibit acceptance of revisions.** DOA will notify agencies if problems are encountered with revision submissions.
- For CAFR reporting purposes, the Commonwealth capitalizes all equipment that has a cost or value greater than \$50,000 and an expected useful life of greater than two years. In addition, for CAFR reporting purposes, the Commonwealth capitalizes all other assets that have a cost or value greater than \$100,000 and an expected useful life of greater than two years. **These CAFR reporting capitalization thresholds do not affect capitalization thresholds on FAACS.** Proprietary agencies will be able to specify their individual capitalization limits in the financial statement template capital asset footnote tab.
- If an agency is required to prepare financial statements for purposes other than the Comptroller's Directive, the affected agencies will still have to prepare those financial statements. However, unless otherwise specified in the **Supplemental Information** section of the Directive, these financial statements will not have to be submitted to DOA. For those agencies that are audited by the APA, the APA will audit the template for CAFR purposes.

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General, continued

- **The following attachments have no specific changes or are self explanatory:**
 - Attachment 3, GASBS No. 14 Checklist Modified to Reflect GASBS No. 39
 - Attachment 13, Fixed Asset Accounting and Control System (FAACS) Analysis
 - Attachment 16, GASBS No. 38 Short-term Debt
 - Attachment 21, Donor-restricted Endowments
 - Attachment 24, Direct Billed Central Services
 - Attachment 26, Internal Control Statement
 - Attachment 28, Report of Financial Condition
 - Attachment 29, Supplemental Information – Revision Control Log

New Attachments

Attachment 13A, Capital Assets Transferred to the Virginia Information Technologies Agency:

- Attachment 13A will capture the assets transferred to VITA to ensure assets are not double counted in the CAFR.

Attachment 30, Restricted Net Assets:

- Attachment 30 is used to gather restricted net asset information in anticipation of fiscal year 2006 implementation of GASBS No. 46, *Net Assets Restricted by Enabling Legislation*.

Attachments (1, 2, 4 – 7)

Attachment 1, Checklist to Determine Information Required by Comptroller's Directive:

- The required attachments will be automatically determined based upon agency input.
- Several changes were made to the Supplemental Information Requirements. **Attachment 1** identifies the agencies that have supplemental requirements.
- Agencies with significant variances in CARS balances between FY 2004 and FY 2005 will be required to provide variance explanations to DOA. Affected agencies will be contacted in a supplemental communication.
- Agencies are required to submit the **Fund Description.xls** file with Attachment 1. This file is located on DOA's website at www.doa.virginia.gov. Click on "Financial Reporting" and then click on "Financial Statement Directives."

Attachment 2, Contact Survey:

- In order to facilitate future communications, ensure that the contact names provided represent the fiscal / financial personnel that should receive E-mails pertaining to financial reporting issues.

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Attachments (1, 2, 4 – 7), continued

Attachment 4, Leave Liability Statement – Agencies that use CIPPS for ALL employees:

- DOA has developed a leave database from the leave data reported on the U027 report. **The database will be available on DOA's website by mid-July 2005.** Agencies that use CIPPS for all employees and do not complete a template will be responsible for reviewing the balances to determine reasonableness. If no modifications are required, the agencies will certify the information is accurate and explain any differences between the fiscal year 2004 and fiscal year 2005 balances that exceed 10% and \$1.5 million. If modifications are required, the agency will be required to complete the attachment.

Attachment 5, Leave Liability Statement – Non-CIPPS Users:

- This attachment is only applicable to agencies that do **not** prepare financial statement templates and do **not** use CIPPS leave.
- Various fields will populate after the agency number is entered, including the prior year amount reported to DOA.
- A variance between the FY 2004 and FY 2005 balances will be computed. If the variance exceeds 10% and \$1.5 million, a fluctuation analysis will be required. Complete the explanation box if the spreadsheet indicates a fluctuation is required.

Attachment 6, Schedule of Outstanding Installment Purchase Obligations:

- This attachment is only applicable to agencies that do **not** prepare financial statement templates.
- Various fields, including the beginning balance, will populate after the agency number is entered.
- Agencies that use the Department of Treasury's Master Equipment Lease Program (MELP) will be required to review the MELP listing provided on DOA's website. Agency personnel will have to enter the appropriate June 30, 2005 balance in the attachment, and provide explanations for variances exceeding 10% and \$1.5 million.

Attachment 7, Schedule of Inventory on Hand at June 30:

- This attachment is only applicable to agencies that do **not** prepare financial statement templates.
 - Agencies with inventory balances **less than \$1 million** do not have to complete the attachment.
 - Agencies must indicate whether any balances reported on the attachment are also included on CARS. If amounts are reported on CARS, a separate tab must be completed.
 - Various fields will populate after the agency number is entered, including the prior year amount reported to DOA.
 - A variance between the FY 2004 and FY 2005 balances will be computed. If the variance exceeds 10% and \$1.5 million, a fluctuation analysis will be required. Complete the explanation box if the spreadsheet indicates a fluctuation is required.
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Financial Statement Templates (Attachments 8 – 12)

- Financial statement templates replace the individually prepared financial statements and footnotes. Agencies will be required to complete the template applicable to the funds specified in the Directive. The templates will include the required information for each fund financial statement and applicable footnotes.
- There are numerous comments within the Excel spreadsheets that provide clarification regarding the information that should be provided. Many cells contain validation features that ensure the amounts are rounded **or** agree to applicable amounts within the various spreadsheets. If the information entered is not in the appropriate format, messages identifying the specific error will be displayed. In addition, if the appropriate amounts do not agree, messages identifying the error and recommended corrective action will be displayed. **Any** failure by the agency to correct the information prior to submission will be considered a deficiency that prohibits acceptance of the template.

Attachment 8, Governmental Fund Financial Statement Template:

- The governmental fund template will require cash basis, modified accrual, and full accrual information. When the agency selects the governmental fund, the beginning fund balance will automatically be populated with prior year's information. If the agency must restate the amount, the agency should complete the "Tab 8 - Restatements" tab. This attachment will also include fluctuation analysis information (Tab 9). In addition, the cash, cash equivalents, and investments tabs have been modified due to GASBS No. 40. Any questions regarding how to complete those tabs may be addressed in the instructions at Attachment 20, Schedule of Cash, Cash Equivalents, and Investments at June 30.

Attachment 9, Enterprise Fund Financial Statement Template:

- The enterprise fund template is no longer customized to provide a file for each separate enterprise fund as it was in fiscal 2004. Instead, the agency will select the appropriate enterprise fund in the Excel file, and the prior year amounts will automatically populate in the prior year column. As in fiscal year 2004, the template will require full accrual information. It will also include a tab for the enterprise fund conversion to the government-wide financial statements and a new tab to capture the detail of how the invested in capital assets, net of related debt amount was calculated. In addition, the cash, cash equivalents, and investments tabs have been modified due to GASBS No. 40. Any questions regarding how to complete those tabs are addressed in the instructions at Attachment 20, Schedule of Cash, Cash Equivalents, and Investments at June 30.

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Financial Statement Templates (Attachments 8 – 12), continued

Attachment 10, Internal Service Fund Financial Statement Template:

- The internal service fund template is no longer customized to provide a file for each separate internal service fund as it was in fiscal 2004. Instead, the agency will select the appropriate internal service fund in the Excel file, and the prior year amounts will automatically populate in the prior year column. As in fiscal year 2004, the template will require full accrual information. The internal service conversion data will be obtained from **Attachment 17**. A new tab has been created to capture the detail of how the invested in capital assets, net of related debt amount was calculated. In addition, the cash, cash equivalents, and investments tabs have been modified due to GASBS No. 40. Any questions regarding how to complete those tabs are addressed in the instructions at Attachment 20, Schedule of Cash, Cash Equivalents, and Investments at June 30.

Attachment 11, Private-purpose Trust Fund Financial Statement Template:

- The private-purpose fund template will obtain full accrual information. The agency will select the appropriate private-purpose trust fund in the Excel file, and the prior year amounts will automatically populate on Tab 6 "Fluctuation Analysis" tab. In addition, the cash, cash equivalents, and investments tabs have been modified due to GASBS No. 40. Any questions regarding how to complete those tabs are addressed in the instructions at Attachment 20, Schedule of Cash, Cash Equivalents, and Investments at June 30.

Attachment 12, Agency Fund Financial Statement Template:

- The agency fund template will obtain full accrual information. The agency will select the appropriate agency fund in the Excel file, and the prior year amounts will automatically populate in the beginning balance column of the template. In addition, the cash, cash equivalents, and investments tabs have been modified due to GASBS No. 40. Any questions regarding how to complete those tabs are addressed in the instructions at Attachment 20, Schedule of Cash, Cash Equivalents, and Investments at June 30.

Attachments (13A, 14, 15, 17 – 20, 22, 23, 25, 27)

Attachment 13A, Capital Assets Transferred to the Virginia Information Technology Agency:

- All agencies, (except for VITA), must certify to DOA as to whether or not the agency transferred assets to VITA during fiscal year 2005. This information will ensure assets are not double counted in the CAFR.

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Attachments (13A, 14, 15, 17 – 20, 22, 23, 25, 27), continued

Attachment 14, Federal Schedules:

- Substantial changes have been made to this attachment. The instructions have been modified and the actual reporting of federal expenditures/disbursements has changed as well. Also, the Other Assistance tab has been eliminated.
- Agencies must contact Penny Williams at penny.williams@doa.virginia.gov or (804)225-3804 **prior** to submitting any revisions to DOA.

Attachment 15, GASBS No. 33 Expenditure and Revenue Analysis:

- **All** expenditures, including Federal expenditures, must be analyzed on this attachment. Federal revenue will be analyzed on **Attachment 22**.

Attachment 17, Internal Service Funds – Conversion to Government-wide Statement of Activities:

- The total of “Part 1 – Internal” tab, Step 3 – Receivables, must agree to Attachment 10, Internal Service Fund Template “Due from Other State Agencies, Net” line item on the template.

Attachment 18, Receivables as of June 30:

- Various fields will populate after the agency number is entered, including the prior year amount reported to DOA.
- Individual tabs have been created to report the Expenditure, Revenue, and Loan receivable detail information. Interagency transfers should not be reported on these detail tabs. Travel Advance and Interagency receivable amounts will be reported in total. In addition, a reconciliation tab has been created to provide the reconciliation between the Quarterly Receivable Report and the Attachment. Various fields on this tab will be populated from the amounts reported on the other tabs.
- Agencies will have to indicate whether any of the receivable balances are also reported on CARS. If balances are included on CARS, then fund, GLA, and amount data will be required.
- A variance between the FY 2004 and FY 2005 balances will be computed. If the variance exceeds 10% and \$1.5 million, a fluctuation analysis will be required. Complete the appropriate section(s) of the **Receivables as of June 30** tab of the spreadsheet.

Attachment 19, Schedule of Retainage Payable:

- Various fields will populate after the agency number is entered, including the prior year amount reported to DOA.
- Agencies will have to indicate whether any of the retainage balances are also reported on CARS. If balances are included on CARS, then fund, GLA, and amount data will be required.
- A variance between the FY 2004 and FY 2005 balances will be computed. If the variance exceeds 10% and \$1.5 million, a fluctuation analysis will be required. Complete the explanation box if the spreadsheet indicates a fluctuation is required.

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Attachments (13A, 14, 15, 17 – 20, 22, 23, 25, 27), continued

Attachment 20, Schedule of Cash, Cash Equivalents, and Investments at June 30:

- This attachment is only applicable for funds that are **NOT** reported on financial statement templates. The first attachment tab entitled **Detail** must be completed for all applicable funds. The remaining tabs must be completed if the applicable funds have cash equivalents and investments **NOT** with the Treasurer.
- All LGIP & SNAP account information must be manually entered.
- This attachment has been modified for GASBS No. 40. It will require further detailed information for interest rate risk and credit risk for debt securities, a breakdown of each issue for all investment types, and any applicable foreign exchange risk.

Attachment 22, GASBS No. 33 Federal Fund Analysis – Advance Funded/Block Grants:

- **Only** federal revenue is to be analyzed on this attachment. Federal expenditures are analyzed on **Attachment 15**.

Attachment 23, Government-wide Payables and Other Accruals at June 30:

- Various fields will populate after the agency number is entered, including the prior year amount reported to DOA.
- Agencies must certify that the amounts included on this attachment are **NOT** reported via other directive submissions.
- A variance between the FY 2004 and FY 2005 balances will be computed. If the variance exceeds 10% and \$1.5 million, a fluctuation analysis will be required. Complete the **Variance Explanation** tab of the spreadsheet.

Attachment 25, Management Discussion and Analysis (MD&A):

- This attachment is applicable to agencies that prepare financial statement templates for **major** CAFR funds.
- Selected agencies that do not prepare financial statement templates must also provide MD&A data. The applicable funds are listed in the attachment instructions.
- Agencies must provide an update to the FY 2004 CAFR MD&A for specified funds. This update must address the applicable questions.
- In **all** instances, the explanation **must explain why** the changes occurred.
- In addition, the explanations for changes **must** reconcile to the total change.

Attachment 27, Adjustments:

- Agencies must certify whether there were any changes to each individual attachment. If changes were made to an attachment, the revision date must be provided.
- Agencies must list whether there were any changes to the required supplemental information. If changes were made to the supplemental information, the revision date must be provided.